

Rep. Israel: "If we can't kill the big bonuses, we'll tax the big bonuses." ***Rep. Israel: "If we can't kill the big bonuses, we'll tax the big bonuses."***

Washington, DC – On Tuesday, Rep. Steve Israel (D – NY) introduced new legislation to tax TARP-taking company big bonuses, like those set to go to AIG executives, at 100%.

"American families shouldn't be forced to reward these professional financial failures with extravagant bonuses that could buy fancy cars and yachts. AIG may not like it, but since they had to come to the federal government for help, the federal government now has a say in how they spend taxpayer money. If we can't kill the bonuses, we'll tax the bonuses," said Rep. Steve Israel

Currently, the IRS withholds 25 percent from bonuses less than \$1 million and 35 percent for bonuses more than \$1 million dollars. Rep. Israel's proposal, The Bailout Bonus Tax Bracket Act of 2009, would tax bonuses over \$100,000 disbursed to employees of companies receiving TARP funds. Because bonuses are treated as taxable income, this bill applies a separate "Bonus Bailout" rate to the TARP bonus. Bonuses would be taxed beginning with those disbursed this year.

For example, if an AIG employee's taxable income is \$750,000 which includes the \$150,000 AIG bonus received this year, that employee will pay the top marginal rate on \$500,000 of personal income, and then the "Bonus Bailout" tax rate of 100% on the \$150,000 TARP bonus.

Rep. Israel serves on the House Appropriations Committee and previously served on the House Financial Services Committee.